MC2WEALTH
CREATING • MANAGING • PROTECTING

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Comments about Long Term Cash Flow Modelling

Whether you are planning a traditional retirement to stop work at a particular age, or are one of the many people who may work part or full time well into later life, knowing how you are placed for the years ahead is wise. Your finances are an important part of an integrated, adaptable life plan.

As the first step, please take the time to give thought to the assumptions that underpin the modelling. While we will encourage you to think in terms of what is important to you, for the purposes of the modelling we need **actual dollar amounts**, so please be specific.

The more accurate and reliable the assumptions that are used - in particular your living costs and other expenses and your objectives and **how these will change over time** - the more meaningful will be the results. Complete those sections that are relevant. Please add in more information if it is required.

The assumptions, specifically the implied rates of return, are designed to be more conservative, but not pessimistic. If warranted then we may further stress test the outcomes by reducing the rates of return or increasing your anticipated expenses.

The modelling is used to either confirm the strategy being adopted; to highlight any deficiencies in your finances; and / or to vary your strategy as appropriate to meet your objectives. It is not designed to gild the lily about your future.

If we are modelling the adequacy of your insurance cover then please include details about your existing policies. This will be discussed in more detail with you as the base assumptions will need to vary to reflect the possible financial impact of death or disability.

Please use current day dollars – the modelling will index the figures to adjust for inflation.

As always, if you have any questions then please ask.

Please note:

Projections are based on set economic assumptions about growth, inflation, interest rates, and taxation laws. Projections are unable to deal with circumstances such as we have seen recently – varied investment markets, tax and legislative changes.

Equally the projections are based on assumptions about your living expenses over the next 20 years. A lot can and often does change over 1 year, let alone 20 years.

Modelling assumptions

Client: **Date:**

Underlying economic		**Comment**
Inflation	2.5%	Including salary inflation
Living cost inflation	2.5%	
Tax scale indexation	1.25%	Half of the rate of inflation
Centrelink benefits		When entitled

Assets			**Comment**
Cash / fixed interest	$.....k	….%	
Shares	$.....k	….%	….% income (…% franked); ….% growth
Superannuation	$.....k	….%	Portfolio type…….……
Debt	$.....k	….%	
Property : main	$.....k	….%	Growth; Income (if relevant): $ …….
Property : investment	$.....k	….%	Growth; Income (if relevant): $ …….
Property : investment	$.....k	….%	Growth; Income (if relevant): $ …….

Other:

Events

Modelling start date	January / July 20….	Typically the next half year	
Current incomes	$.....k pa	Who:	To age: …….
(If this varies over time please note)	$.....k pa	Who:	To age: …….
	$.....k pa	Who:	To age: …….
	$.....k pa	Who:	To age: …….
Retirement age(s)	i)……yrs		
(When you would like to retire)	ii)……..yrs		
Inheritances	$.....k pa	Estimated year: …….	
	$.....k pa	Estimated year: …….	

Further details:

Expenses		Comment	
Expenses – living	$.....k pa	To retirement age	
Expenses - discretionary	$.....k pa	To retirement age	PRE
Travel	$.....k pa	To age: ……	
Expenses – living	$.....k pa	After retirement age	
Expenses - discretionary	$.....k pa	After retirement age	POST
Travel	$.....k pa	After age: ……	
Salary sacrifice – super	$.....k pa	To age(s):……	
Car(s) – changeover now	$.....k	Expected in year: ……	
Car(s) – changeover ongoing	$.....k	Every …… years; Changeover: $.....k	
Education fees (child :…….....)	$.....k pa	From …… ; To …… ; Tertiary: ……	
Education fees (child :…….....)	$.....k pa	From …… ; To …… ; Tertiary: ……	
Education fees (child :…….....)	$.....k pa	From …… ; To …… ; Tertiary: ……	
Health (eg. orthodontics)	$.....k	Estimated for the years: ……	
Weddings (per child)	$.....k	Estimated for the years: ……	
Renovations – major	$.....k	Expected in year: ……	
Renovations – minor	$.....k	Expected in year: ……	
Renovations – other property	$.....k	Expected in year: ……	
White goods replacement	$.....k	Expected every …… years; End age ……	
Repairs & maintenance	$.....k	Expected every …… years; End age ……	
Housing down size / cost	$.....k	Changeover costs / net proceeds : When:…	
Gifts (donations)	$.....k	When …… ; How often: ……	
Gifts (children – lump sum)	$.....k	When …… ; How often: ……	

Other:

Comment: